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7 Refer to File Number: 3968-20080200-PLC

8 Attorneys for Defendant
9 FIRST FEDERAL BANK OF CALIFORNIA
10

11 IN THE UNITED STATES DISTRICT COURT
12 NORTHERN DISTRICT OF CALIFORNIA
13

14 DEBORAH E. JOHNSON and
15 GERALD D. JOHNSON,

16 Plaintiffs,

17 v.

18 FIRST FEDERAL BANK OF
19 CALIFORNIA,
20

21 Defendant.

CASE NO. C08-00264PVT

[Ordered Related to Case No. 08-01796
PVT]

DECLARATION OF CAROL BAXTER
IN SUPPORT DEFENDANT'S REPLY
TO OPPOSITION TO MOTION TO
DISMISS PLAINTIFFS' AMENDED
COMPLAINT AND COMPLAINT IN
RELATED CASE

Hearing:

Date : June 3, 2008

Time: 10:00 a.m.

Courtroom: 5

Patricia V. Trumbell, Magistrate

22 I, CAROL A. BAXTER, hereby declare as follows:

23 1. I am employed by First Federal Bank of California (hereinafter,
24 "Movant" or "Defendant") as its Senior Vice President, Loan Service Department. I am a
25 custodian of the books, records and files of Movant, as those records pertain to loans or
26 extensions of credit by Movant to Deborah Elizabeth Johnson (hereinafter,
27 "Respondent"). I have personally worked on said records, and as to the facts contained
28 herein, I know them to be true of my own personal knowledge or I have gained
knowledge of them from the records of Movant which are prepared and maintained in the

1 ordinary course of its business, at or near the time of the acts or occurrences depicted or
2 represented by such records. If called upon as a witness, I could and would competently
3 testify to the facts contained herein, as I have personal knowledge thereof.

4 2. The records of Respondent are made in the ordinary course of Movant's
5 business by persons with a business duty to Movant to make such records. The records
6 were made at or near the time of the occurrence of the event which they purport to
7 memorialize.

8 3. Movant's records are kept on a computer system and organized by
9 account number, including records of all contacts made by entities or individuals involved
10 in a particular loan transaction. Similarly, a record of all payments received by Movant
11 are processed into Movant's computer system indicating the date on which the payment
12 was received, its application to an outstanding loan, the balance remaining due and owing
13 after application of such proceeds, and whether a late charge is applicable based upon the
14 date the payment was made.

15 4. Movant's books and records for Respondent's accounts herein were kept
16 in the manner described above.

17 5. In connection with my review of the subject account, I have reviewed
18 and am familiar with the records related to certain real property commonly known as 2nd
19 Avenue 2NE of Dolores Street, Carmel, California 93921 (hereinafter, "Property").

20 6. I have been informed that in their Opposition to Defendant's Motion to
21 Dismiss the First Amended Complaint, the Plaintiffs have implied that Pacific Mortgage
22 Consultants, Inc. ("PCM") was an agent of the bank because the bank paid a rebate to
23 PCM in conjunction with the subject loan. I am very familiar with these rebate programs.

24 7. The rebate fee is the fee that the broker is paid for brokering the loan.
25 Typically, a broker has the ability to earn a rebate of up to 3.25% of the loan face amount,
26 paid by the lender. The broker works with the borrower in selecting the rate, and the
27 rebate is affected by the rate. If the rate is lower for a borrower, the rebate tends to be less
28 because the lender is making less over the term of the loan. The broker needs to be

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1 competitive so they can't automatically put a borrower into a program that offers the
2 highest rebate because then the rate would be higher, and the borrower would be inclined
3 to take her business elsewhere.

4 8. Attached hereto as Exhibit "1" and incorporated herein by reference are
5 true and correct copies of the following documents, which should demonstrate to the
6 Court that the rebate fee was paid to the borrower's broker as part of the subject loan: (1)
7 Borrower/Escrow Instructions; (2) Settlement Statement; (3) Mortgage Loan Disclosure
8 Statement/Good Faith Estimate; (4) Loan Document Request Form; (5) Mortgage Loan
9 Origination Agreement; and (6) Loan Submission Sheet.

10
11 I declare under penalty of perjury under the laws of the United States of
12 America that the foregoing is true and correct.

13 Executed on May 16, 2008, at Santa Monica, California.


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16 
17 CAROL A. BAXTER
18 Declarant
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EXHIBIT 1

MAY-16-2008 FRI 09:15 AM

P. 001

First Federal Bank of California
6053 W. Century Boulevard, St 400 4th Floor
Los Angeles, CA 90045

Loan No.: 49782970

PLEASE RETURN DOCUMENTS TO THE ATTENTION OF: Tom Kronlage

BORROWER/ESCROW INSTRUCTIONS

Old Republic Title
2205 Fourth St.

Livermore, CA 94550

ATTN: Theresa Nigro
(925)443-1400

Date: May 5, 2008
Your Escrow No.: 1114001776
Our Loan No.: 49782970
Application No.: 12345937189
Reply To: Tom Kronlage
Telephone: (310) 665-2341
Fax: (310) 280-4053

We enclose loan documents as indicated below to be signed by the Borrowers therein designated, in the exact manner as the names are set forth. DO NOT allow the loan documents to leave your possession, except to be recorded or to be returned to us (and even then only with proper safeguards). DO NOT make or accept any changes, alterations and/or additions to our loan documents. Should there be errors of any nature, contact First Federal immediately and we will forward corrected documents. Client copies of all documentation are enclosed.

1. BORROWER - ESCROW INSTRUCTION - R
2. NOTE - CODI W PAY RATE (110% OR 125%)
3. PREPAY RIDER - CLASSIC 3 YEAR REBATE
4. DEED OF TRUST (PORTFOLIO)
5. TRUTH IN LENDING
6. NOTICE OF RIGHT TO CANCEL- VMP D064
7. REQUEST FOR TAX PAYER ID
8. ERROR AND OMISSION
9. SIGNATURE / NAME AFFIDAVIT
10. BORROWER'S CERT & AUTHORIZATION

11. RESPA SERVICING DISCLOSURE
12. CUSTOMER IDENTIFICATION PROGRAM CIP

READ, APPROVED AND ACCEPTED

BY:

[Signature]
[Signature]
[Signature], as her attorney in fact

All documents are subject to recall from our office prior to recordation of the deed of trust. All fully executed loan documents, original conditions and insurance requirements must be received by our Loan office located at 6053 W. Century Blvd., St 400, 4th Floor, Los Angeles, CA, for review and approval, no later than 10:00 a.m. local time the day prior to funding. Our proceeds will be in the form of a wire transfer. Any request for a wire transfer must be made by 10:00 a.m. local time the day prior to funding. Our offer to fund this loan expires on 06/27/2008.

YOU ARE REQUIRED TO FORWARD THE FOLLOWING ITEMS TO THIS BANK PRIOR TO FUNDING FOR OUR APPROVAL:

1. All loan documents, properly signed, except the Deed of Trust, Riders to the Deed of Trust, and Absolute Assignment of Rents & Leases which you may hold for recording, and RETURN A CERTIFIED COPY only to us. Certified copies of all notes and deeds of trust to record or to remain of record along with any subordination thereof. Secondary financing is not to exceed None and must be subordinate to the deed of trust in our favor.
2. A preliminary title report, plotted plat map, ALTA report and documentary evidence from title insurer showing any transfer of the real estate security by deed recorded within six (6) months prior to the preliminary report. All supplemental and updated reports are also to be forwarded.
3. Certified copy of your signed escrow instructions, including all supplements or amendments (including those regarding sales and/or loan commissions covering this property). If you are handling or have any knowledge of any other transaction on or related to the subject property which will record concurrently, is contingent on this escrow, will open or close immediately upon completion of this escrow, or which will transfer the same property, YOU MAY NOT close this escrow without our written consent. DO NOT request funds or authorize recording of our documents without receiving our written approval if you have information, or receive instructions, verbal or written, which will in any way alter the reported sales price or cash down payment.
4. This loan is subject to receipt of a Flood Certification issued by our designated flood service company and may require flood insurance. If the property lies within a designated flood zone, we require minimum coverage of the loan amount or amount available, whichever is lower. If Flood Insurance is necessary we will require a copy of the completed Flood Insurance application and the receipt showing the premium PAID IN FULL/PREPAID (premium cannot be paid through escrow). Impounds will be required for flood insurance if the Bank is impounding for any other item.

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Loan No.: 49792970

5. Evidence of hazard insurance, signed and completed by Agent. On Condominiums and PUDs we require a copy of the declaration page of the master policy issued to the Homeowners Association as well as a certification of insurance for the individual unit. On all loans we require an original policy, binder or evidence of insurance prior to funding. All policies to contain Lenders Loss Payable, 438BFI and Cancellation Clause. The minimum amount of hazard insurance required is equal to the lesser of the replacement value of the improvements or the loan amount.

Lenders Loss Payable Endorsement to read as follows:

FIRST FEDERAL BANK OF CALIFORNIA, IT SUCCESSORS & ASSIGNS
P.O. Box 2130
Santa Monica, CA 90407-2130

The insurer must have a minimum of: A Class 5 or B+ Class 9 or better in the latest Best's Key Rating Guide. Policy term must be for a minimum of one (1) year with no less than 30 days remaining to expiration. New premiums must be prepaid in escrow. On properties with 5 or more units and all commercial buildings, we require Fire & Extended Coverage with Vandalism & Malicious Mischief, and \$1,000,000 General Liability coverage. On all rental properties we require Loss of Rents coverage equal to 6 months rents.

If insurance is to be issued by **CALIFORNIA FAIR PLAN**, we require the original Fair Plan policy or Fair Plan's Binder Letter signed by a Fair Plan representative prior to funding. Applications are not acceptable.

YOU MAY REQUEST FUNDS WHEN YOU ARE IN A POSITION TO PROVIDE THIS BANK WITH THE FOLLOWING:

1. Water Stock, if any, assigned to this Bank as First Pledgee for the Borrower.
2. 1970 or 1970/rev. '84 (without Arbitration Provision) ALTA Lenders policy of Title Insurance (issued by a company acceptable to First Federal) with Endorsement No. 100 (without deletion), 110.8/110.9 and 118, 111.8, 100.12/#5

with a liability of \$ 1,050,000.00 (NOTE: This amount may be greater than the loan amount if the loan documents allow negative amortization), showing title vested in the names of:

Deborah E. Johnson, a married woman as her sole and separate property

subject only to General and Special taxes for the fiscal year and exceptions 1, 3-6 as set forth in preliminary title report from Old Republic Title dated 02/10/2005, Order No. 0707003629 covering property known as
2nd Ave 2 NE of Dolores Street, Carmel, CA 93921

3. Deed of Trust in favor of First Federal Bank of California in the amount of \$ 840,000.00 to record as a first lien of record. The first payment of \$ 3,168.20 including interest at 6.786% per annum, plus impounds for taxes, insurance, and private mortgage insurance premium if any will be due on July 1, 2006. Payment information will be mailed to Borrowers at close of escrow.
Monthly Impound Payment: \$ 0.00
Total Monthly Payment: \$ 3,168.20

☒ This payment may not constitute a fully amortized payment since it is based upon an initial pay rate which is less than the interest rate. The principal and interest amount necessary to make a fully amortized first payment at the interest rate stated in the Note is \$4,926.59.

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P. 003

Loan No.: 49792970

4. Certified copy of your closing statement to Borrowers, or RESPA/HUD 1 Statement when applicable, is to be forwarded to us immediately upon closing of your escrow. Use of our loan proceeds is contingent upon our receipt of a certified copy of the buyer's and seller's closing statement or RESPA/HUD 1 at the close of escrow, containing all required information, including the specific settlement service providers as shown below.

CALCULATION OF LOAN PROCEEDS TO BE DISBURSED ON BEHALF OF OUR BORROWER:
WE WILL WITHHOLD from the total loan amount

811 FFB Underwriting Fee	\$300.00
812 Tax Certification Fee (LandAmerica*)	\$80.00
813 Flood Determination Fee (LandAmerica*)	\$14.00
816 Wire Transfer Fee	\$35.00
817 FFB Document Preparation	\$250.00

* In accordance with 24 CFR 3500.9 and these instructions, the HUD-1 settlement statement must be on the proper OMB form (#2602-285) and must include the above specific provider information.

Interest from and including date of disbursement of our funds TO 06/01/2008 at a rate of \$133.39 per day will be deducted from our loan funds.

WE WILL INCLUDE in the net proceeds the Broker Rebate paid by First Federal in the amount of \$16,800.00 which you are authorized to release to the Broker listed below upon verification of the recordation of the deed of trust in our favor. For disclosure purposes, you must add this Broker Rebate to the RESPA/HUD 1 Settlement Statement. Broker payments and/or concessions, such as fee reductions, to Borrower are not acceptable without written approval from First Federal and the loan may not be funded without such approval. Any such payment or concession without Bank approval may violate loan terms and conditions. The Broker name, address and telephone number are as follows:

Pacific Mortgage Consultants Inc
 700 Larkspur Landing Cir
 Suite 275
 Larkspur, CA 94939
 Phone #: (925)583-1772

YOU WILL COLLECT from the Borrower the following loan related fees which you are then authorized to release to the above referenced Broker upon verification of the recordation of the deed of trust in our favor:

809 Mortgage Broker Appraisal Fee	\$50.00
813 Mortgage Broker Processing Fee	\$690.00
814 Mortgage Broker Misc. Fees	\$495.00

When you can comply with these instructions, and when all other terms and conditions of our loan have been met, the net proceeds will be forwarded to: Old Republic Title

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Loan No.: 48792970

BORROWER(S) UNDERSTAND AND AGREE FURTHER THAT IN ADDITION TO THE ABOVE REQUIREMENTS, THE FUNDING OF THIS LOAN IS FURTHER CONDITIONED UPON OUR RECEIPT AND APPROVAL OF THE FOLLOWING:

If loan does not fund by May 10, 2005, an updated Title Report will be required.

Signed and certified copies of all escrow instructions and any amendments thereto.

Escrow Amendment re: Property Address to show same as on preliminary title report

Escrow Amendment re: Loan Amount, Lender, Rate and Terms

Satisfactory Evidence of Insurance must be in our office prior to funding

Updated Preliminary Title Report needed if not within 90 days prior to Funding.

Copies of all demands for payoff of existing liens showing no delinquencies

Level of debt too high (cards are maxed out). Payoff a must: American-Express \$20919 & \$10352 & \$2791; HSBC Bank \$14418

Loan priced up 10bp for LTV >70%

Escrow certified copy of Grant Deed

Estimated Closing Statement to reflect all Broker Fees including Rebate

Certified Copy of Quit Claim Deed.

WE REQUIRE FIRST INSTALLMENT TAXES BE PAID THROUGH ESCROW ON LOANS RECORDING ON OR AFTER OCTOBER 1ST OF EACH YEAR; SECOND INSTALLMENT TAXES MUST BE PAID THROUGH ESCROW ON LOANS RECORDING ON OR AFTER JANUARY 1ST OF EACH YEAR.

The first regular monthly loan payment is due according to the terms of the Note. If the loan closes with less than 30 days remaining until the first scheduled payment, a billing statement/coupon may not be received by the Borrowers prior to the payment due date. However, the Borrowers are still responsible for the timeliness of the first payment. The Borrowers may make a payment without a billing statement/coupon by noting the loan number on the payment check and mailing the check to: First Federal Bank of California, 401 Wilshire Boulevard, Santa Monica, CA 90401, Attn: Loan Service Department.

The net proceeds of the loan, after deduction and/or payment of the foregoing items set forth on page two, shall be paid to the title company for credit of Borrower in Old Republic Title Escrow No. 1114901776

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P. 005

Loan No.: 49792970

Each of the undersigned, in executing these instructions and Bank's documents, hereby acknowledge that they have read and fully understand the conditions and instructions herein and approve, accept and agree to be bound thereby.

BORROWERS

Deborah E. Johnson, By Gerald D. Johnson,
Deborah E. Johnson as her attorney in fact

Escrow holder acknowledges receipt of lender's instructions. Escrow holder does not accept any portion of the instructions contained herein requiring the performance of obligations or duties exceeding those imposed by California statutory authority, or which require escrow holder to assume liability for the lender's regulatory responsibilities.

Ume
Escrow Officer
Old Republic Title Company

If escrow is not closed on or before 06/27/2008 you will return all documents to this office. If the loan is cancelled, you will collect and forward to us cancellation fees for the following: credit report, appraisal, flood search, processing, documents, and underwriting as shown above. WE ARE TO BE AT NO EXPENSE IN CONNECTION WITH THIS TRANSACTION.

FIRST FEDERAL BANK IS TO BE INFORMED OF ANY DEMANDS RECEIVED IN ESCROW FOR ITEMS OTHER THAN LIENS AGAINST SUBJECT PROPERTY APPEARING IN THE PRELIMINARY TITLE REPORT.

WE WILL NOT ACCEPT ANY DEVIATION FROM THESE INSTRUCTIONS UNLESS WE HAVE INDICATED OUR CONSENT IN WRITING TO ANY SUCH CHANGE.

We ask that you acknowledge receipt of the enclosures herein and your complete understanding of all instructions and conditions by signing and returning these instructions.

Instructions and enclosures acknowledged and agreed upon:

Old Republic Title

FIRST FEDERAL BANK OF CALIFORNIA

By: _____
Theresa Nigro

By: _____
Tom Kronlage

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P. 001/004

A. Settlement Statement

U.S. Department of Housing
and Urban Development

OLD REPUBLIC TITLE COMPANY

OMB No. 2802-
0285

B. TYPE OF LOAN

1. <input type="checkbox"/> FHA	2. <input type="checkbox"/> FmHA	3. <input checked="" type="checkbox"/> Conv. Unins.	6. File Number 1114001775-TN	7. Loan Number 49792970	8. Mortgage Insurance Case Number
4. <input type="checkbox"/> VA	5. <input type="checkbox"/> Conv. Ins.				

C. NOTE: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked "(p.o.c.)" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.

D. Name and Address of Borrower Dorothy E. Johnson PO Box 4448 Carmel, CA 93921	E. Name and Address of Seller We hereby certify that this is a true and correct copy of the original.	F. Name and Address of Lender First Federal Bank of California (See Attachment to HUD Statement)
--	--	--

G. Property Location 2nd Avenue 2 NE of Dolores Street Carmel, CA 93921	H. Settlement Agent Old Republic Title Company Place of Settlement 2205 Fourth Street Livermore, CA 94550	I. Settlement Date 5/16/2005
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J. SUMMARY OF BORROWER'S TRANSACTION

K. SUMMARY OF SELLER'S TRANSACTION

100. GROSS AMOUNT DUE FROM BORROWER		400. GROSS AMOUNT DUE TO SELLER	
101. Contract sales price		401. Contract sales price	
102. Personal property		402. Personal property	
103. Settlement charges to borrower (line 1400)	7,762.05	403.	
104. Misc. Disbursement to HSBC	14,416.00	404.	
105. Misc. Disbursement to American Express	10,196.21	405.	
Misc. Disbursement to American Express	2,741.75		
Misc. Disbursement to American Express	20,501.98		
MISC. (see attached)	782,141.70		
Adjustments for items paid by seller in advance		Adjustments for items paid by seller in advance	
106. City/town taxes to		406. City/town taxes to	
107. County taxes to		407. County taxes to	
108. Assessments to		408. Assessments to	
109.		409.	
110.		410.	
111.		411.	
112.		412.	
113.		413.	
114.		414.	
120. GROSS AMOUNT DUE FROM BORROWER	837,759.69	420. GROSS AMOUNT DUE TO SELLER	
200. AMOUNTS PAID BY OR IN BEHALF OF BORROWER		500. REDUCTIONS IN AMOUNT DUE TO SELLER	
201. Deposit or earnest money		501. Excess deposit (see instructions)	
202. Principal amount of new loan 1st	840,000.00	502. Settlement charges to seller (line 1400)	
203. Existing loan(s) taken subject to		503. Existing loan(s) taken subject to	
		504. Payoff of first mortgage loan	
		505. Payoff of second mortgage loan	
		506.	
		507.	
		508.	
		509.	
Adjustments for items unpaid by seller		Adjustments for items unpaid by seller	
210. City/town taxes to		510. City/town taxes to	
211. County taxes to		511. County taxes to	
212. Assessments to		512. Assessments to	
213.		513.	
214.		514.	
215.		515.	
216.		516.	
217.		517.	
218.		518.	
219.		519.	
220. TOTAL PAID BY/FOR BORROWER	840,000.00	520. TOTAL REDUCTION AMOUNT DUE SELLER	
300. CASH AT SETTLEMENT FROM/TO BORROWER		600. CASH AT SETTLEMENT TO/FROM SELLER	
301. Gross amount due from borrower (line 120)	837,759.69	601. Gross amount due to seller (line 420)	
302. Less amounts paid by/for borrower (line 200)	(840,000.00)	602. Less reductions in amount due seller (line 520)	()
303. CASH <input type="checkbox"/> FROM <input checked="" type="checkbox"/> TO BORROWER	2,240.31	603. CASH <input type="checkbox"/> TO <input type="checkbox"/> FROM SELLER	

Section 5 of the Real Estate Settlement Procedures Act (RESPA) requires the following: • HUD must develop a Special Information Booklet to help persons borrowing money to finance the purchase of residential real estate to better understand the nature and costs of real estate settlement services; • Each lender must provide the booklet to all applicants from whom it receives or for whom it prepares a written application to borrow money to finance the purchase of residential real estate; • Lenders must prepare and distribute with the booklet a Good Faith Estimate of the settlement costs that the borrower is likely to incur in connection with the settlement. These disclosures are mandatory.

Section 4(a) of RESPA mandates that HUD develop and prescribe this standard form to be used at the time of loan settlement to provide full disclosure of all charges imposed upon the borrower and seller. These are third party disclosures that are designed to provide the borrower with pertinent information during the settlement process in order to be a better shopper.

The Public Reporting Burden for this collection of information is estimated to average one hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

The information requested does not lend itself to confidentiality.

HUD-1 (3-86)

RESPA, HB 4305.2

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P. 002/004

Escrow No.: 1114001775-TN

I. SETTLEMENT CHARGES				
700. Total sales/broker's commission based on price \$	@	%		
Division of commission (line 700) as follows:			Paid From Borrower's Funds At Settlement	Paid From Seller's Funds At Settlement
701.				
702.				
703. Commission disbursed at settlement				
704.				
800. ITEMS PAYABLE IN CONNECTION WITH LOAN				
801. Loan Origination Fee				
802. Loan Discount				
803. Appraisal Fee to PMC			50.00	
804. Credit Report				
805. Lender's Inspection Fee				
806. Mortgage Insurance Application Fee				
807. Assumption Fee				
808. FFB Underwriting Fee			300.00	
809. Tax Certification Fee to LandAmerica			60.00	
810. Flood Determination Fee to LandAmerica			14.00	
811. Wire Transfer Fee to FFB			35.00	
812. FFB Document Preparation Fee			250.00	
813. Broker Processing Fee to PMC			690.00	
814. Broker Misc. Fee to PMC			485.00	
See attached				
900. ITEMS REQUIRED BY LENDER TO BE PAID IN ADVANCE				
901. Interest, 05/13/05 to 06/01/05, 19 days @ \$133.39			2,534.41	
903. Hazard Insurance premium for 12 mos. to Allstate Insurance			774.69	
1000. RESERVES DEPOSITED WITH LENDER				
1100. TITLE CHARGES				
1101. Settlement or closing fee to Old Republic Title Company			350.00	
1106. Notary Fees				
1108. Title Insurance to Old Republic Title Company			1,905.75	
(Includes above items numbers: 1102, 1103, 1108, Indorsements and Additional Title Fees, if any)				
1109. Lender's coverage \$	1,905.75			
1110. Owner's coverage \$				
1111. CLTA 110.9 Endorsement			25.00	
1112.				
1113.				
1114.				
1200. GOVERNMENT RECORDING AND TRANSFER CHARGES				
1201. Recording Fees: Deed \$ 11.00 Mortgage \$ 32.00 Releases \$			43.00	
1202. City/county tax/stamps: Deed \$ Mortgage \$				
1203. State tax/stamps: Deed \$ Mortgage \$				
1204.				
1205. Power of Attorney			16.00	
1300. ADDITIONAL SETTLEMENT CHARGES				
1301.				
1302.				
1303. Doc Prep Deed to Old Republic Title Company			50.00	
1304. Additional Check Charge to Old Republic Title Company			40.00	
1305. Overnight Service Fee to Old Republic Title Company			19.20	
1306. Additional Processing Fee - e-mail to Old Republic Title Company			25.00	
1307. Wire Service Fee to Old Republic Title Company			25.00	
1308. Special Courier Service Fee to Old Republic Title Company			50.00	
1309.				
1310.				
1400. TOTAL SETTLEMENT CHARGES (enter on lines 103, Section J and 502, Section K)			7,762.05	0.00

To the best of my knowledge, the HUD-1 Settlement Statement which I have prepared is a true and accurate account of the funds which were received and have been or will be disbursed by the undersigned as part of the settlement of the transaction.

Escrow Officer

Date

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P. 003/004

Escrow No.: 1114001775-TN
Loan No.: 49792970

Attachment to HUD Statement

NAME OF LENDER

First Federal Bank of California
6053 W. Century Blvd., #400, 4th Floor
Los Angeles, CA 90045

==== Continuation from Page1 =====

BUYER ADJUSTMENTS

SELLER ADJUSTMENTS

PAYOFF EXISTING LOAN 782,141.70

AMOUNTS PAID BY OR IN BEHALF OF BORROWER

DEPOSIT OR EARNEST MONEY -- LINE 201

PRINCIPAL AMOUNT OF NEW LOAN(S) -- LINE 2

First Federal Bank of California
6053 W. Century Blvd., #400, 4th Floor
Los Angeles, CA 90045
Loan No.: 49792970
Position: 1
Principal amount

840,000.00

2208 Fourth Street • Livermore CA • 94550 • (925) 443-1400 • (925) 447-8247

Date: 5/16/05
Escrow No.: 1114001775-TN
Escrow Officer: Theresa Nigro
Closing Date: 5/16/2005

Property: 2nd Avenue 2 NE of Dolores Street
Carmel, CA 93921

[illegible]

P. 001/002

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ADDITIONAL REQUIRED CALIFORNIA DISCLOSURES

I. Proposed Loan Amount: \$ 840,000.00Initial Commissions, Fees, Costs and Expenses Summarized on Page 1: \$ 7,104.89

Payment of Other Obligations (Lien): \$

Credit Life and/or Disability Insurance (see VI below) \$

Purchase Price / Payoff \$ 783,763.00

\$

\$

Subtotal of All Deductions: \$ 790,867.89Estimated Cash at Closing ☒ To You ☐ That you must pay \$ 49,132.50II. Proposed Interest Rate: 2.180 % ☐ Fixed Rate ☒ Initial Variable RateIII. Proposed Loan Term: 360/360 ☐ Years ☒ MonthsIV. Proposed Loan Payments: Payments of \$ 3,168.19 will be made ☒ Monthly ☐ Quarterly ☐ Annually for 360 (number of months, quarters or years). If proposed loan is a variable interest rate loan, this payment will vary (see loan documents for details).The loan is subject to a balloon payment: ☒ No ☐ Yes. If Yes, the following paragraph applies and a final balloon payment of \$ _____ will be due on _____ [estimated date (month/day/year)].

NOTICE TO BORROWER: If you do not have the funds to pay the balloon payment when it comes due, you may have to obtain a new loan against your property to make the balloon payment. In that case, you may again have to pay commissions, fees, and expenses for the arranging of the new loan. In addition, if you are unable to make the monthly payments or the balloon payment, you may lose the property and all of your equity through foreclosure. Keep this in mind in deciding upon the amount and terms of this loan.

V. Prepayments: The proposed loan has the following prepayment provisions.

☐ No prepayment penalty.☐ Other (see loan documents for details).☐ Any payment of principal in any calendar year in excess of 20% of the ☐ original balance ☐ unpaid balance will include a penalty not to exceed _____ months advance interest at the note rate, but not more than the interest that would be charged if the loan were paid to maturity (see loan documents for details).

VI. Credit Life and/or Disability Insurance: The purchase of credit life and/or disability insurance by a borrower is NOT required as a condition of making this proposed loan.

VII. Other Liens: Are there liens currently on this property for which the borrower is obligated? ☒ No ☐ Yes
If Yes, describe below:

Lienholder's Name	Amount Owed	Priority

Liens that will remain or are anticipated on this property after the proposed loan for which you are applying is made or arranged (including the proposed loan for which you are applying):

Lienholder's Name	Amount Owed	Priority

NOTICE TO BORROWER: Be sure that you state the amount of all liens as accurately as possible. If you contract with the broker to arrange this loan, but it cannot be arranged because you did not state these liens correctly, you may be liable to pay commissions, costs, fees, and expenses even though you do not obtain the loan.

VIII. Article 7 Compliance: If this proposed loan is secured by a first deed of trust in a principal amount of less than \$30,000 or secured by a junior lien in a principal amount of less than \$20,000, the undersigned licensee certifies that the loan will be made in compliance with Article 7 of Chapter 3 of the Real Estate Law.

A. This loan ☐ may ☐ will ☐ will not be made wholly or in part from broker controlled funds as defined in Section 10241(i) of the Business and Professions Code.

B. If the broker indicates in the above statement that the loan "may" be out of broker-controlled funds, the broker must inform the borrower prior to the close of escrow if the funds to be received by the borrower are in fact broker-controlled funds. DRE license information telephone number: 916-227-0770

Name of Broker	License #	<u>J. Michael Galloway</u>	License #
<u>2368 Research Drive</u>		Broker's Representative	
<u>Livermore, CA 94550</u>			
Broker's Address			

Signature of Broker _____ Date _____ OR Signature of Representative _____ Date _____

IX. NOTICE TO BORROWER: THIS IS NOT A LOAN COMMITMENT. Do not sign this statement until you have read and understood all of the information in it. All parts of this form must be completed before you sign. Borrower hereby acknowledges the receipt of a copy of this statement.

Borrower _____ Date _____ Borrower _____ Date _____

Review completed on _____ by _____ Broker or Designated Representative _____ Dept. of Real Estate License # _____

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**FIRST FEDERAL BANK
OF CALIFORNIA**

LOAN DOCUMENT REQUEST FORM

CONTACT AND LOAN INFORMATION

Broker Company: Pacific Mortgage Contact Name: Sandy
 Phone #: 925-583-1172 Broker E-mail Address: Sandy@eafundinggroup.com
 Borrower Name: OK LAR # Deborah Johnson Account Coordinator: Daniel Lewis

LOAN PROGRAM, RATE & FEES

Loan Program: ☐ Fixed Advantage 60 ☐ Fixed Advantage 36 ☒ Standard Monthly Adjustable

Loan Amount: 240,000 Term/Months: 360 INDEX: CODE Y COFL 12MAT

Initial Pay Rate: 2.150 Margin: 3.8 Life Cap: 10-150

Broker Rebate*: (2.00) % + .250 (Check if .250 VVA Rebate Increase Applicable) = _____ %

Broker Points*: _____ See Wholesale Loan Approval Sheet for final Prepayment Penalty.

(*Rebates and points may not exceed 4.0 pts. + \$350 or on VVA 4.25 pts. + \$350 of the loan amount. Please itemize these below. Rebates of 0.500 or higher and/or loan amounts > than \$1 Million automatically have a prepayment penalty. Underwriter may require a Classic Prepayment Penalty - at their discretion. Max 80% LTV for base rebates > 2.00% on SVA or VVA.)

Amount	Fee	POC	Amount	Fee	POC
Appraisal Fee	<u>400</u>	<input checked="" type="checkbox"/>	Processing Fee	<u>690</u>	<input checked="" type="checkbox"/>
Credit Report Fee	<u>0</u>	<input type="checkbox"/>	Misc. Fee	<u>495</u>	<input checked="" type="checkbox"/>

If your LTV is 80% or below and you want 110% negative amortization (versus the standard 125%), please check here ☐

CONDITIONS:

Estimated HUD-1: Yes (Satisfied)
 (First Federal Fees must be correct)

IMPOUNDS:**

	YES	NO
Hazard Insurance	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Taxes	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Impounds required on LTVs of 90% or greater. Note: California Fair Plan requires the original insurance policy.

VESTING / ESCROW INSTRUCTIONS:

Complete Vesting: Deborah E. Johnson, a married woman as her sole & separate property

REDUCED DOCUMENT LOAN CERTIFICATION

By signing below, the undersigned ("Broker") hereby certifies that Broker does not know or have any reason to believe that the applicant(s) would not qualify if full documentation were required.

RESPA COMPLIANCE CERTIFICATION

By signing below, the undersigned ("Broker") hereby certifies under penalty of perjury under the laws of the State of California that Broker is familiar with the provisions of the Real Estate Settlement Procedures Act ("RESPA") and the guidelines issued by the U.S. Housing and Urban Development Department (the "HUD Rules") regarding RESPA, and, in particular, is familiar with Section 8 of RESPA governing payments in connection with settlement services. Broker represents that (i) Broker is in compliance with RESPA and the HUD Rules, (ii) in connection with the loan being submitted on this form, Broker has performed specific services which justify the fee to be paid to Broker in accordance with RESPA and the HUD Rules, and (iii) Broker is not aware of any payments to third parties which are not in compliance with RESPA and the HUD Rules.

Broker hereby certifies that all of Broker's fees have been disclosed to the Applicant(s)/Borrower(s), and that the Applicant(s)/Borrower(s) have consented to the Broker's fees.

Method of Delivery:

E-Mail (to Escrow Only): KWARNER@ATC-CA.COM
 OR
 FedEx Account Number: _____

Note the following:

- Any changes to the loan program or rate may delay the ordering of documents.
- File will be moved to the Document(s) Department upon receipt of completed form (Broker of record*** must sign & date BELOW; License # required).
- A re-draw fee of \$250 will be charged if changes are received after documents are prepared.
- Signed loan documents and complete original package must be in our office by 10:00 a.m. the day before funding.
- No facsimile documents will be accepted at time of funding.

Return the Loan Doc's to:

E-mail Address of the Title Co: KWARNER@ATC-CA.COM (Northern California)

CERTIFICATION:

Authorized by (Broker***): [Signature] Date: 5/14/05

Print Name: Michael Gallaway License #: 013744302
 *** Broker of record or Broker's authorized (and PRB licensed) signer.

Please Fax to your Wholesale Loan Coordinator using the fax number listed on your Wholesale Loan Approval Sheet.

310.451.6556

Rev 2.11.05

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Pacific Mortgage Consultants, Inc
 700 Larkspur Landing Circle # 275 Larkspur, CA 94939
 DBE License # 01378482 Expires 4/16/07

Mortgage Loan Origination Agreement

You () agree to enter into this Mortgage Loan Origination Agreement with Pacific Mortgage Consultants/Broker to apply for a residential mortgage loan from a participating lender with which we from time to time contract upon such terms and conditions as you may request or a lender may require. You inquired into mortgage financing with Pacific Mortgage Consultants on _____, 20____. We are licensed as a "Mortgage Broker" under the state laws of California.

Section 1. Nature of Relationship.

In connection with this mortgage loan:

- We will enter into separate independent contractor agreements with various lenders.
- While we seek to assist you in meeting your financial needs, we do not distribute the products of all lenders or investors in the market and cannot guarantee the lowest price or the best terms available in the market.

Section 2. Our Compensation.

The lenders whose loan products we distribute generally provide their loan products to us at a wholesale rate.

- The retail price we offer you, your interest rate, total points and fees will include our compensation.
- In some cases, we may be paid all of our compensation by either you or the lender.
- Alternately, we may be paid a portion of our compensation by both you and the lender. For example, in some cases, if you rather pay a lower interest rate, you may pay higher up-front points and fees.
- Also in some cases, if you would rather pay less up-front, you may be able to pay some or all of our compensation indirectly through a higher interest rate in which case we will be paid directly by the lender.

We also may be paid by the lender based on (1) the value of the Mortgage Loan or related servicing rights in the market place or (2) other services, goods or facilities performed or provided by us to the lender.

By signing below, applicant(s) acknowledge receipt of a copy of this signed Agreement.

MORTGAGE LOAN ORIGINATOR:

APPLICANTS:

By Agent

Date

Phone Number

Printed Name

Applicant Signature

Date

Printed Name

Co-Applicant Signature

Date

Address

City, State, Zip

#14

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FIRST FEDERAL BANK OF CALIFORNIA

LOAN SUBMISSION SHEET

Account Executive Name: Wendell FFB Broker No: _____

Company Name: PMC Processor Name: Sandy

Address: 2300 Research Drive Processor E-Mail: Sandy@cal-fundinggroup.com

City: Livermore State: CA Zip: 94550 Loan Officer Name: Michael

Telephone No: 925-583-1772 Fax No: 925-294-9630

Borrower Name: Deborah Johnson Subject Property Address: 2nd Ave. 2NE of Dolores St.

Co Borrower Name: _____ City: Carmel State: CA Zip: 93921

Property Type: ☒ SFR ☐ PUD ☐ Condo ☐ 2 Units ☐ 3 Units ☐ 4 Units

Occupancy: ☒ Owner Occupied ☐ 2nd Home ☐ Investment (SIVA & VIVA only)

Loan Purpose: ☐ Purchase ☐ No Cash-Out Refinance (Rate/Term) ☒ Cash-Out Refinance

Purchase Price/Value: \$ 1.2 mil Loan Amount: \$ 900K LTV: 75.0%

Other Financing: \$ 0 CLTV: 0 %

STEP 1 - SELECT A DOC TYPE:				
<input checked="" type="checkbox"/> NINA	<input type="checkbox"/> SISA	<input type="checkbox"/> SIVA	<input type="checkbox"/> VIVA	

STEP 2 - SELECT A PAY RATE PROGRAM:				
<input checked="" type="checkbox"/> Fixed Rate Monthly Adjustable 25 Year Fixed Pay Rate	NINA	SISA	SIVA	VIVA
Min FICO	680+	680+	680+	640+
Pay Rate up to 80% LTV	2.75%	2.55%	2.25%	2.25%
Pay Rate up to 60% LTV	2.25%	1.85%	1.75%	1.75%
<input type="checkbox"/> Fixed Rate Monthly Adjustable 30 Year Fixed Pay Rate	NINA	SISA	SIVA	VIVA
Min FICO	680+	680+	680+	640+
Pay Rate up to 80% LTV	N/A	N/A	1.75%	1.75%
Pay Rate up to 60% LTV	N/A	1.35%	1.25%	1.25%
<input type="checkbox"/> Floating Rate Monthly Adjustable 30 Year Fixed Pay Rate	NINA	SISA	SIVA	VIVA
Min FICO	680+	680+	680+	640+
Pay Rate up to 80% LTV	2.00%	1.80%	1.50%	1.50%
Max 110% Neg Am				
<input type="checkbox"/> Bundled Monthly Adjustable 30 Year Fixed Pay Rate	NINA	SISA	SIVA	VIVA
Min FICO	680+	620+	620+	620+
Pay Rate up to Program LTV*	2.45%	2.05%	1.85%	1.85%
Pay Rate up to Program LTV*	N/A	N/A	N/A	1.25%
Max 110% Neg Am, Owner Occupied				

*Standard price increases apply on LTV's > 80%.

(N) 30 Year, 3 Year and 5 Year Qualify for Special Pay Rates
(S) 30 Year, 3 Year and 5 Year Qualify for Special Pay Rates
(V) 30 Year, 3 Year and 5 Year Qualify for Special Pay Rates

STEP 3 - SELECT AN INDEX:				
<input checked="" type="checkbox"/> CODI	<input type="checkbox"/> COPI	<input type="checkbox"/> 12MAT	<input checked="" type="checkbox"/>	

STEP 4 - PREPAYMENT PENALTY OPTIONS:	
<input checked="" type="checkbox"/> Rebate Prepayment Penalty - Declining 3-Year based on rebate	
<input type="checkbox"/> One Year Prepayment Penalty - VIVA/SIVA Owner Occ. PURCHASES ONLY (Max Rebate = 1 Point for One Year, 3% Propyl)	
<input type="checkbox"/> Roll Over the Prior Prepayment Penalty (Prepayment Discount & Roll Over Form must be submitted)	
Note: A Classic Prepayment Penalty may be required by Underwriter (3%, 2%, 1%) (Typically required when more than 1 financing within 12 months)	
Loans > \$1 Million automatically get a Rebate Propyl of 0.50.	

STEP 5 - CHOOSE NEGAM RECAST LIMIT* & IMPOUNDS:	
<input type="checkbox"/> 110% Recast	<input checked="" type="checkbox"/> 125% Recast (<= 80.0% LTV)
(* - LOAN WILL RECAST AT CHOSEN PERCENTAGE OR 5 YEARS WHICHEVER OCCURS FIRST)	
THE DEFAULT RECAST at 80% LTV or less is 125%. 110% RECAST REQUIRED ON PAY RATES OF 1.25% OR LESS or LTV's of > 80%	
MATCH YOUR RECAST LIMIT CHOSEN WITH YOUR DOC ORDER.	
LTV's > 80%	<input type="checkbox"/> No MI (Included in this rate, allowed on VIVA and SIVA only)
	<input type="checkbox"/> BPMI (Borrower Paid MI)
Impounds	<input checked="" type="checkbox"/> New Impounds (required on LTV's greater than 80.00%)
	<input type="checkbox"/> FIRM Insurance Impounds
LMI Program	<input type="checkbox"/> Contact your AE.
Improve your margin if the following applies (Owner Occupied only)	
Criteria/Doc Program	Margin Improvement
>= 700 FICO on VIVA	-15 bps
<= 65% LTV SIVA or VIVA	-10 bps
>= 720 FICO on SIVA	-10 bps

STEP 6 - TOTAL RATES FROM RATE SHEET:	
Date of Rate sheet:	5-9-06
Fully Indexed/Fully Amortized Qual. Rate:	5.98%
10K to Qualify on 40 Year Term. Max DTI 38% Stated. 45% VIVA	
Points to Broker:	0
Rebate:	0
Margin/Floor:	2.99%
Life Cap:	1.95%
If the above is left blank, loan will be priced with a 5 point rebate.	
(Max Points/Floor & Policy: +4350 OR 4.25 + \$350 (VIVA))	

STEP 7 - CHOOSE TERM:	
<input checked="" type="checkbox"/> 30 Years	<input type="checkbox"/> 40 Years

STEP 8 - SUBMISSIONS:	
Appraisal Report:	<input checked="" type="checkbox"/> Appraisal has been/will be submitted via E-mail to: <u>submit@firstfedca.com</u>
	Date submitted/will submit: <u>4/26</u>
Underwriter Review:	<input type="checkbox"/> An FFB Underwriter has previously reviewed this file.
Underwriter Name:	
Loan Fees Total \$659 comprised of:	
Underwriting \$300	Docs \$250
Redraw Charge \$250	Tax/Flood/Wire \$109

NOTE: See Fee Matrix for LTV. See Rate sheet for additional add and deducts to rates. Non-Owner loans are only available on the Standard Monthly Adjustable.

*For reduced doc loans (NINA, SISA, SIVA) Broker Certification will be required at time of docs. See page 2.
www.firstfedca.com/brokerinfo

Loan Submission Sheet - Page 1 of 2

PROOF OF SERVICE

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)

I am employed in the County of Los Angeles, State of California. I am over the age of eighteen and not a party to the within action. My business address is Hemar, Rouso & Heald, LLP. ("the business") 15910 Ventura Boulevard, 12th Floor, Encino, CA 91436.

I am readily familiar with the business's practice for collection and processing of correspondence for mailing with the United States Postal Service; such correspondence would be deposited with the United States Postal Service the same day of deposit in the ordinary course of business.

On May 20, 2008, I served the foregoing document described as **DECLARATION OF CAROL BAXTER IN SUPPORT DEFENDANT'S REPLY TO OPPOSITION TO MOTION TO DISMISS PLAINTIFFS' AMENDED COMPLAINT AND COMPLAINT IN RELATED CASE** on the interested parties in this action by placing a true and correct copy thereof in a sealed envelope addressed as follows:

DEBORAH E. JOHNSON
PO Box 4448
Carmel, CA 93921-4448

GERALD D. JOHNSON
PO Box 4448
Carmel, CA 93921-4448

XX At my business address, I placed such envelope for deposit with the Federal Express or U.S. Postal Office by placing them for collection and mailing on that date following ordinary business practices.

 I delivered such envelope(s) by hand to the offices of the addressees.

 I caused such copies to be facsimiled to the persons set forth.

XX (State) I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

 (Federal) I declare under penalty of perjury under the laws of the United States of America that I am employed in the office of a member of the bar of this court at whose direction the service was made.

Executed on May 20, 2008 at Encino, California.


LISA FIELDS